

1954

Jan. 23

Mr. Leon O. Gerry
Deputy Bank Commissioner
State House

Dear Mr. Gerry:

In reply to your inquiry of today concerning determination of the liability of funded debt obligations of utility companies for investment tax credits under section 6 of chapter 195 of the Laws of 1953, I advise as follows.

Although the definition of annual interest provides for the normal application of this definition to "one year's interest on the amount outstanding at the time of the investment" it is provided in said chapter that such application is not made where "a different meaning is clearly apparent from the text".

In Revised Laws, chapter 324, section 6 I (c) referring to interest "in at least three of the four years next preceding the investment" the interest to be considered is expressly limited to "interest paid during such years on the total outstanding funded debt during such years". This was not in the original draft of House Bill 307 which subsequently became chapter 195, Laws of 1953 but was introduced into the Act in the course of its passage through the Legislature. Accordingly, although the tendency would appear to give the benefit of a utility proposing substantial expansion appear more attractive than would actually be the case, were the computation to include the interest upon the new issue, it appears to be the legislative intent that such should be the case.

You have also indicated some concern with the fact that the definition is of annual interest but only the word interest alone appears in the text of the Act. The definition should be construed as a definition of the word interest. The word annual adds nothing to it as interest is normally computed annually.

Very truly yours,

NEW HAMPSHIRE LAW LIBRARY

George F. Nelson
Assistant Attorney General

SEP 22 1998

CONCORD, N.H.

CEW:MM